

City of Cincinnati



FOR YOUR INFORMATION

June 6, 2007

To: Mayor and Members of City Council

From: Milton Dohoney, Jr., City Manager

Subject: **Greater Cincinnati Water Works Revenue Bond Sale and Improved Bond Rating**

Recently Greater Cincinnati Water Works (GCWW) received \$72 million from a sale of revenue bonds to be used to finance a portion of its capital program over the next two years. As a result of the department's accomplishments, Moody's Investor Services upgraded their rating of GCWW to Aa1 (from Aa2) and Standard & Poor's confirmed our rating of AA+. Both ratings are the second highest ratings you can receive from the agencies. Approximately 5% of the water/sewer agencies in the country receive such a rating.

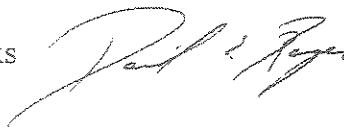
In their report to investors, the rating agencies noted the following key strengths about GCWW:

- Financial stability and long-term planning
- Strong management and system redundancy
- Recent expansion of the water service area to new customers
- Diversification of revenue from recent expansion of customer billing management and maintenance services
- Commitment to keeping water infrastructure up-to-date with 1% annual water main replacement schedule
- Substantial regional economy including many Fortune 500 companies
- Proactive management of regulatory issues
- Support from consumers and the Cincinnati City Council on rate increases
- Competitive rate structure compared with surrounding water utilities

As part of the bond sale process, GCWW was required to do a presentation to the national rating agencies of Moody's Investor Services and Standard & Poor's to receive its credit score. The better the credit score, the lower the rate paid on the bonds, which results in lower costs for GCWW and, ultimately, our customers.

GCWW is proud of these results. Like many utilities around the country that are experiencing declining core consumption, GCWW is experiencing declining consumption within the City of Cincinnati and Hamilton County. GCWW's focus on strong customer service and outreach has provided GCWW with opportunities to expand its customer base, offsetting the loss of revenue from core customers. Being recognized by the rating agencies with excellent credit scores allows us to continue to provide excellent drinking water and outstanding customer service in a financially responsible manner. We continue to offer water rates that are among the lowest in the region.

Copy: David E. Rager, Director, Greater Cincinnati Water Works

A handwritten signature in dark ink, appearing to read "David E. Rager", is positioned to the right of the typed name.